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GENERAL

1. Soviet diplomat comments on Geneva conference:

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A counselor of the Soviet embassy in London, who had previously made the same point, told American diplomats again on 27 April that little could be expected from the conference on Korea and that there appeared to be growing interest in the partition of Indochina, "a solution which seemed feasible."

The Soviet delegation, he said, would remain in the background, with the result that the Chinese Communists would have to bear the brunt of Secretary Dulles' "verbal H-bombs."

He predicted that the conference would be relatively short, "40 days at the most."

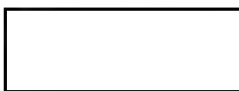
Comment: Soviet diplomats are known to have suggested on three previous occasions that an Indochina settlement might be based on partition. A Soviet spokesman on 15 April raised the further possibility of a cease-fire with each side keeping the areas it now holds.

It is not yet clear what part Molotov will elect to play at Geneva. He may feel that his playing of a relatively inconspicuous role will facilitate efforts to maneuver the conference into acting as a "mediator" between France and the Viet Minh.

In order to create an impression of making genuine efforts to make Geneva a success, Molotov and Chou En-lai will almost certainly remain in Geneva for some time after the departure of the Western Big Three foreign ministers.

2. Peiping announces Sino-Indian agreement on Tibet:

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Peiping radio announced on 29 April the conclusion of an agreement between China and India on the status of Indian interests in Tibet. An exchange of notes between the

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Chinese vice foreign minister and the Indian ambassador provides that India will withdraw its troops from guard duty along Tibetan trade routes and will turn over to China all the shelters and communications facilities now maintained by India.

In addition to these notes, an agreement on "trade and intercourse" between Tibet and India permits the establishment of Chinese trade agencies in New Delhi, Calcutta and Kalimpong. India, in return, will retain its three trade agencies in Tibet.

Comment: This announcement confirms previous indications that New Delhi would abandon all its military positions in Tibet. Chinese agencies in New Delhi and Calcutta presumably would be attached to the diplomatic posts already there, but an agency in Kalimpong would be the first official Communist post within India's strategic northern frontier area.  25X1A

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**SOUTHEAST ASIA**

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5. French will not sign draft treaties satisfactory to Vietnamese:

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Premier Buu Loc showed the American chargé in Saigon copies of the French-Vietnamese treaties, which are ready for signature and which meet all Vietnamese demands. He said

the French are refusing to sign until certain auxiliary conventions are negotiated.

The chargé noted that articles in the treaties specifying that they would come into full force on the date of signature account for the French reluctance to sign.

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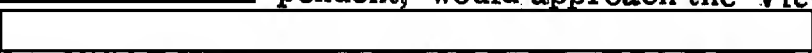
Comment: Signature of these treaties would grant the Vietnamese virtually complete independence and give them a much needed psychological boost. The treaties would also serve to counter Communist charges at Geneva that Vietnam is a French puppet.

6. Bao Dai suggests coalition with Viet Minh after Vietnam independence:

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Bao Dai, in a note to the French Foreign Ministry opposing the partition of Vietnam, suggested that his country, when fully independent, would approach the Viet Minh

directly.  he would propose a coalition government in which the Viet Minh would not hold any key position.

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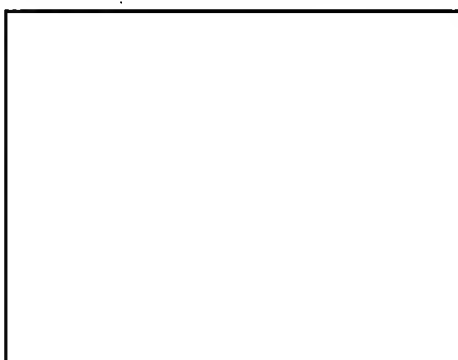
Comment: It is doubtful that Bao Dai is seriously considering any approach to the Viet Minh. He may calculate, however, that the French would welcome the face-saving potentialities of a strictly Vietnamese approach to the Viet Minh and would therefore meet his demand for an immediate affirmation of Vietnam's independence.

Such a proposal may be welcomed by Paris as an excuse for permitting an early French withdrawal regardless of the eventual consequences.

NEAR EAST - AFRICA

7. Oil consortium's proposals appear to favor Iran:

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Herbert Hoover, Jr., reports that the oil consortium's proposals to Iran are in every instance equal, or superior, to those in effect in other Middle Eastern countries.

Iran would receive more favorable terms in the calculation of its share of the oil revenues than do other countries in the area,

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and its annual income at the end of three years would be approximately \$175,000,000. The volume of export and refining by the third year would approximate that of other oil producing countries in the Middle East.

Although the consortium insists on effective control over management of the oil operations, it is prepared to concede increased Iranian participation.

Torkild Rieber, oil adviser to the Iranian government, believes that Prime Minister Zahedi will accept the consortium's proposals if sufficiently pressed. He feels, however, that the shah, Minister of Court Ala, and others are causing difficulty.

Comment: Iranian officials will find it difficult, for political reasons, to accept a proposal placing control of the oil industry in foreign hands. They prefer an arrangement which would commit the consortium only to market the oil which the National Iranian Oil Company would produce and deliver. The consortium, on the other hand, is convinced that it can operate effectively only if it is permitted to manage the production and refining of the oil which it is to market.

8. Turkey impatient over Western policy on Balkan Pact:

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Turkey cannot "contemplate with equanimity" an indefinite delay in arrangements of such vital concern to its security as a defensive alliance with Greece and Yugoslavia, according to Under Secretary Birgi of the Turkish Foreign Ministry. He stated that the intention of concluding a Balkan military alliance was inherent in the Ankara treaty and was confirmed by the Greek, Turkish and Yugoslav foreign ministers in Athens last July.

Birgi feels that Turkey has already lost time in developing its Balkan defense plans because of the "interference of Western views." He said that the joint statement at the conclusion of Tito's visit in Ankara was actually intended to serve notice that Turkey wants to progress toward a formal defense alliance in the Balkans.

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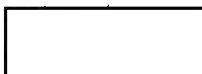
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Comment: This is the most positive assertion yet made by the Turks that they feel an immediate need for a Balkan defense alliance. It suggests that Turkish pressure will continue until a firm Western position is clarified.

Regardless of Birgi's expression of the need for urgency, it is doubtful that Turkey will endanger its NATO status by taking any major step without American approval.

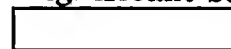
9. Comment on dissolution of Iraqi parliament:

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The dissolution of the Iraqi parliament, coming on the heels of the choice as prime minister of Arshad al Umari--rather than Nuri Said, whose appointment had been expected--means that the domestic pressure for free elections has been too strong for the crown to resist.

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Pending elections, which under the constitution must be held within four months, Iraq probably will not take any significant steps toward adherence to the Turkish-Pakistani pact. [redacted]

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WESTERN EUROPE

10. French EDC debate further delayed:

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The French National Assembly will not begin debate of EDC before sometime in June, in the opinion of Ambassador Dillon.

Although informal agreement has been reached in the EDC Interim Commission on the French Socialists' precondition for democratic control of the proposed European army, the

Dutch representatives have caused delay by their insistence on obtaining cabinet approval of the agreement. Because of this delay, the French Socialist Party will not convene its special party congress on EDC preconditions until 30 May. Dillon believes that the National Assembly steering committee meeting to schedule EDC debate will now have to be postponed from 18 May until June.

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Comment: Although the Dutch government will probably accept the agreement reached in the EDC Interim Commission, it is disgruntled over French objections to prompt European economic integration and over alleged American sympathy for Indonesia in the current dispute over New Guinea.

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